



## REDEVELOPMENT AGENCY/CITY COUNCIL STAFF REPORT

**MEETING DATE:** December 15, 2004

### DOWNTOWN REQUEST FOR PROPOSALS

**RECOMMENDED ACTION(S):** Accept recommendations of the Council Economic Development (ED) Subcommittee.

#### EXECUTIVE SUMMARY:

(Note: This is a supplemental report to the staff report submitted with the Council agenda packet for December 15, 2004.) On December 9, 2004, the Agency received five responses to the Downtown Request For Proposals (RFP). The proposals are briefly summarized in the attachment. Full copies of the proposals are available upon request.

The Council ED Subcommittee met on December 10<sup>th</sup> to begin a preliminary review of the submitted proposals. Based on the information received, the ED subcommittee and staff are making the following recommendations:

- The renovation of the Granada Theater is the ED Subcommittee's top priority for downtown. The MHDA has also made a similar determination. However, the ED Subcommittee and staff will need more time to analyze the proposal to determine if the level of assistance and proposed financing requested is reasonable and appropriate.
- The mixed-use proposal from EAH should be considered as an affordable housing project and not included as part of the Downtown RFP process. The ED Subcommittee supports the mixed-use and mixed-income concept of the EAH development. Staff is currently working with EAH to further refine the project.
- Other than EAH, no other submitted proposal is recommended to be considered separate from the RFP process at this time. All the proposals will require more in-depth analysis to assess the reasonableness and appropriateness of the requested Agency financing. In some cases, more information will be required from proposers to assess their proposal.
- The owner of the "flea market" site downtown submitted a letter requesting \$1.3M in Agency funds to assist with impact fees and offsite improvements needed for the development of the site. No other information was submitted with this proposal. As the proposal is incomplete and the project is a market rate project, the ED Subcommittee is recommending no further action be taken regarding this request.

The ED Subcommittee and staff anticipate completing their preliminary review of the proposals in January 2005. We will report back to the Agency with our findings and recommendations at that time.

**FISCAL IMPACT:** The Agency has allocated \$3 Million for the Downtown RFC process. To date, the Agency has allocated about \$200,000 of the \$3M for projects/programs.

**Agenda Item #35  
SUPPLEMENTAL  
STAFF REPORT**

**Approved By:**

**BAHS Director**

**Submitted By:**

**Executive Director**

## **SUMMARY OF PROPOSALS**

### **Glenrock – Sunsweet Site**

- Site is the former Sunsweet site located between 3rd and 4<sup>th</sup> St. and Depot St.
- Proposes 45 – 50 for-sale, transit-oriented, townhouses and 4,000 sq. ft. of retail space
- Construction of a 25 ft wide promenade along 3<sup>rd</sup> Street
- Requests Agency to provide grants for off-site improvements/infrastructure along Depot, 3<sup>rd</sup> and 4<sup>th</sup> Streets. Also wants Agency to swap/ purchase land required, and to build a public parking lot on west side of site.
- Total Agency assistance is estimated to be between \$1.9 and \$2.5 million.

### **Jones/Meister – BookSmart/Thinker Toys**

- Seeks “key” site (e.g. Hencken or Sunsweet properties on corners of 3rd and Monterey or 3<sup>rd</sup> and Depot St.).
- Needs 10,000 sq. ft. of ground floor retail space with the possibility of housing/office above.
- Prefers ownership interest (condominium), but will enter long-term lease.
- Requests \$250,000 grant from Agency for TI’s.

### **Gunter Brothers Property- Ben Fuller (under contract to purchase the property)**

- Proposes to remodel and expansion of the existing granary building into a two story office/retail building with total rental space of about 11,500 square feet.
- Requesting total Agency assistance of \$363,000: \$288,000 for a short-term loan and \$75,000 for a façade grant.
- Also requesting the deferral of City fees and an expedited permitting process.

### **Renovation of Granada Theater- Michael Wilkinson (who proposes to lease sublease the theater)**

- Proposes to rehabilitate and reconfigure the two-screen theater into a three-screen theater for art, classic, foreign and independent films. The theater could accommodate up to 300 patrons and would consist of two smaller and one larger auditorium.
- Also intends to install a small café serving specialty sandwiches, hot items, snacks, and drinks.
- Requesting total Agency assistance of \$1,095,500: a \$700,000 loan at 3% payable in 15 years, a \$310,500 grant, and a \$45,000 Façade Grant. In essence, the Agency would be financing the entire renovation project costs.
- Proposes that the loan be structured as “interest-only” with payments deferred until three months after the theater opens.

### **Casa Diana- EAH**

- Located at Diana and Railroad Avenues (former Caltrain lot)
- 80 unit mixed-use development
- 3,500 sq. ft. of commercial/retails space to service courthouse related services
- Combination of affordable and market rate units.
- Agency assistance required to fill financing gap will range from \$1.2M to \$6.1M depending on the mix of units